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Financial Report
St. Bernard Parish Assessor
December 31, 2007

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7/16/08

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FINANCIAL SECTION



Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT

To the St. Bernard Parish Assessor,
Chalmette, Louisiana.

We have audited the accompanying financial statements of the governmental activities and the General Fund of the St. Bernard Parish Assessor (the Assessor), as of and for the year ended December 31, 2007, which collectively comprise the Assessor's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Assessor. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Assessor, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the General Fund of the St. Bernard Parish Assessor as of December 31, 2007, and the changes in financial position and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated June 26, 2008, on our consideration of the St. Bernard Parish Assessor's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis on pages 3 through 8 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
June 26, 2008.

MANAGEMENT'S DISCUSSION AND ANALYSIS

St. Bernard Parish Assessor

The Management's Discussion and Analysis of the St. Bernard Parish Assessor's (the Assessor) financial performance presents a narrative overview and analysis of the Assessor's financial activities for the year ended December 31, 2007. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The Assessor's assets exceeded its liabilities at the close of the fiscal year by \$943,085 (net assets), which represent a 1.13% decrease from last fiscal year.

The Assessor's revenues decreased \$405,075 (or 44.95%). Due to Hurricane Katrina, no revenues were recorded in 2005 as there were no collections during 2005 or within 60 days of December 31, 2005. These revenues were recorded in 2006.

The Assessor's expenses increased \$65,258 (or 14.78%) due to increases in personal services.

The Assessor did not have any funds with deficit fund balances.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Assessor's basic financial statements. The Assessor's financial report consists of three parts: (1) management's discussion and analysis (this section), (2) basic financial statements, and (3) special reports by certified public accountants and management.

The basic financial statements include two kinds of statements that present different views of the Assessor:

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Assessor's finances, in a manner similar to a private sector business. The statement of net assets presents information on all of the Assessor's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Assessor is improving or deteriorating. The statement of activities presents information showing how the Assessor's net assets change during each fiscal year.

Government-wide Financial Statements (Continued)

All changes in net assets are reported as soon as the underlying event giving rise to the change occurs regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. The governmental activity of the Assessor is to assess all real and movable property that is subject to ad valorem taxes in St. Bernard Parish.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. All of the funds of the Assessor are governmental funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Assessor maintains one individual governmental fund (the General Fund). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund. The Assessor adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 9-13 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found in Exhibit F of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of the Assessor's financial position. As of December 31, 2007, assets exceeded liabilities by \$943,085. A portion of the Assessor's net assets (4.41%) reflects its investment in capital assets (e.g., office furniture, automobiles, fixtures and equipment). Consequently, these assets are not available for future spending.

Condensed Statement of Net Assets

| | <u>December 31,</u> | | <u>Dollar</u> |
|----------------------------|---------------------|-------------------|--------------------|
| | <u>2007</u> | <u>2006</u> | <u>Change</u> |
| Current and other assets | \$ 906,171 | \$ 902,153 | \$ 4,018 |
| Capital assets | <u>41,621</u> | <u>53,515</u> | <u>(11,894)</u> |
| Total assets | <u>947,792</u> | <u>955,668</u> | <u>(7,876)</u> |
| Current liabilities | <u>4,707</u> | <u>1,781</u> | <u>2,926</u> |
| Net Assets: | | | |
| Invested in capital assets | 41,621 | 53,515 | (11,894) |
| Unrestricted | <u>901,464</u> | <u>900,372</u> | <u>1,092</u> |
| Total net assets | <u>\$ 943,085</u> | <u>\$ 953,887</u> | <u>\$ (10,802)</u> |

Governmental Activities

Governmental activities decreased the Assessor's net assets by \$10,802. Key elements of this increase are as follows:

Governmental Activities (Continued)**Condensed Change in Net Assets**

| | December 31, | | Dollar | Total |
|------------------------------|-------------------|-------------------|--------------------|------------|
| | 2007 | 2006 | Change | Percentage |
| | | | | Change |
| Revenues: | | | | |
| Ad valorem taxes | \$ 431,279 | \$ 845,876 | \$ (414,597) | (49.01) |
| Intergovernmental fees | 30,839 | 29,352 | 1,487 | 5.07 |
| Interest income | 32,151 | 20,330 | 11,821 | 58.15 |
| Other revenue | 1,769 | 5,555 | (3,786) | (68.15) |
| Total revenues | <u>496,038</u> | <u>901,113</u> | <u>(405,075)</u> | (44.95) |
| Expenses: | | | | |
| General and governmental | <u>506,840</u> | <u>441,582</u> | <u>65,258</u> | 14.78 |
| Increase (decrease) | | | | |
| in net assets | (10,802) | 459,531 | (470,333) | 102.35 |
| Net assets beginning of year | <u>953,887</u> | <u>494,356</u> | <u>459,531</u> | 92.96 |
| Net assets end of year | <u>\$ 943,085</u> | <u>\$ 953,887</u> | <u>\$ (10,802)</u> | (1.13) |

The decrease in total revenues reflects the prior year's billing of delayed ad valorem taxes in St. Bernard due to the effects of Hurricane Katrina.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the Assessor uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the Assessor's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Assessor's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the Assessor's governmental fund, the General Fund, reported an ending fund balance of \$901,464, an increase of \$1,092 in comparison with the prior year. An unreserved fund balance of \$887,804 is available for spending at the District's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed for insurance and subsequent years' expenditures.

General Fund Budgetary Highlights

The budget was amended once during the year. The primary reason for amending the budget was to prevent compliance violations under state law. The major differences between the original General Fund budget and the final amended budget were as follows:

Revenues

- Ad valorem taxes increased by \$249,500 and interest income increased by \$20,000.

Expenditures

- Personal services increased by \$52,740, operating services increased by \$22,771 and materials and supplies increased by \$10,000.

During the year, revenues and expenditures were less than budgetary estimates.

CAPITAL ASSETS

Capital Assets

The Assessor's investment in capital assets for its governmental activities as of December 31, 2007, amounts to \$41,621 (net of accumulated depreciation). This investment in capital assets includes office furniture, automobiles, fixtures and equipment (see table on next page).

Capital Assets (Continued)

| | <u>2007</u> | <u>2006</u> |
|--|-------------------|-------------------|
| Office furniture, automobiles, fixtures, and equipment | <u>\$ 139,884</u> | <u>\$ 140,714</u> |

Additional information on the Assessor's capital assets can be found in the Note 6, Exhibit F, of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Assessor typically considers the following factors and indicators when setting the next year's budget, rates, and fees. These factors and indicators are as follows:

- Revenues are budgeted based on the assumption that ad valorem taxes will increase.
- Expenses were budgeted based on the assumption that expenses would increase in 2008.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Assessor's finances for all those with an interest in the Assessor's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Marlene M. Vinsanau, Assessor, Parish of St. Bernard, Room 105 Courthouse, Chalmette, LA 70043.

**STATEMENT OF NET ASSETS AND
GOVERNMENTAL FUND BALANCE SHEET**

St. Bernard Parish Assessor

December 31, 2007

| | <u>General Fund</u> | <u>Adjustments (Exhibit B)</u> | <u>Statement of Net Assets</u> |
|---|-------------------------|------------------------------------|------------------------------------|
| Assets | | | |
| Cash | \$ 444,738 | \$ - | \$ 444,738 |
| Receivables - taxes | 10,905 | - | 10,905 |
| Due from St. Bernard Parish Sheriff | 417,797 | - | 417,797 |
| Due from State of Louisiana | 28,753 | - | 28,753 |
| Prepaid insurance | 3,978 | - | 3,978 |
| Capital assets, net of accumulated depreciation | - | 41,621 | 41,621 |
| Total assets | <u>\$ 906,171</u> | <u>41,621</u> | <u>947,792</u> |
| Liabilities | | | |
| Accounts payable and accrued expenditures | <u>\$ 4,707</u> | | <u>4,707</u> |
| Fund Balance/Net Assets | | | |
| Fund balance: | | | |
| Unreserved designated for: | | | |
| Prepaid insurance | 3,978 | (3,978) | - |
| Subsequent years' expenditures | 9,682 | (9,682) | - |
| Unreserved | <u>887,804</u> | <u>(887,804)</u> | <u>-</u> |
| Total fund balance | <u>901,464</u> | <u>(901,464)</u> | <u>-</u> |
| Total liabilities and fund balance | <u>\$ 906,171</u> | <u>(901,464)</u> | <u>4,707</u> |
| Net assets: | | | |
| Invested in capital assets | | 41,621 | 41,621 |
| Unrestricted | | <u>901,464</u> | <u>901,464</u> |
| Total net assets | | <u>\$ 943,085</u> | <u>\$ 943,085</u> |

See notes to financial statements.

RECONCILIATION OF THE GOVERNMENTAL FUND
BALANCE SHEET TO THE STATEMENT OF NET ASSETS

St. Bernard Parish Assessor

December 31, 2007

| | |
|---|-------------------|
| Fund Balance - Governmental Fund | \$ 901,464 |
|---|-------------------|

Amounts reported for governmental activities in
the statement of net assets are different because:

Capital assets used in governmental activities
are not financial resources and, therefore,
are not reported in the governmental fund.

Governmental capital assets

\$ 139,884

Less accumulated depreciation

(98,263)

41,621

Net Assets of Governmental Activities

\$ 943,085

See notes to financial statements.

**STATEMENT OF ACTIVITIES AND STATEMENT OF
GOVERNMENTAL FUND REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE**

St. Bernard Parish Assessor

For the year ended December 31, 2007

| | General Fund | Adjustments (Exhibit D) | Statement of Activities |
|---|-------------------|----------------------------|----------------------------|
| Revenues | | | |
| Ad valorem | \$ 431,279 | \$ - | \$ 431,279 |
| Intergovernmental - | | | |
| State of Louisiana - | | | |
| State revenue sharing | 30,839 | - | 30,839 |
| Interest income | 32,151 | - | 32,151 |
| Other revenue | 1,769 | - | 1,769 |
| | <u>496,038</u> | <u>-</u> | <u>496,038</u> |
| Expenditures | | | |
| Current: | | | |
| General government: | | | |
| Personal services | 391,103 | - | 391,103 |
| Operating services | 71,467 | - | 71,467 |
| Materials and supplies | 20,699 | - | 20,699 |
| Travel and other charges | 5,407 | - | 5,407 |
| Depreciation | - | 17,497 | 17,497 |
| Loss on disposal of assets | - | 667 | 667 |
| | <u>488,676</u> | <u>18,164</u> | <u>506,840</u> |
| Capital outlay | 6,270 | (6,270) | - |
| | <u>494,946</u> | <u>11,894</u> | <u>506,840</u> |
| Excess of Revenues Over Expenditures | 1,092 | (1,092) | - |
| Change in Net Assets | - | (10,802) | (10,802) |
| Fund Balance | | | |
| Beginning of year | 900,372 | 53,515 | 953,887 |
| End of year | <u>\$ 901,464</u> | <u>\$ 41,621</u> | <u>\$ 943,085</u> |

See notes to financial statements.

**RECONCILIATION OF THE STATEMENT OF GOVERNMENTAL
FUND REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE TO THE STATEMENT OF ACTIVITIES**

St. Bernard Parish Assessor

For the year ended December 31, 2007

Net Change in Fund Balance - Governmental Fund **\$ 1,092**

Amounts reported for governmental activities in the statement
of activities are different because:

Governmental funds report capital outlays as expenditures.

However, in the statement of activities the cost of those
assets is allocated over their estimated useful lives and
reported as depreciation expense, and the net book value
of any disposed assets is recorded as a loss on the disposal
of assets.

| | | | |
|----------------------------|--------------|--|-----------------|
| Capital outlay | \$ 6,270 | | |
| Depreciation expense | (17,497) | | |
| Loss on disposal of assets | <u>(667)</u> | | <u>(11,894)</u> |

Change in Net Assets of Governmental Activities **\$ (10,802)**

See notes to financial statements.

**STATEMENT OF GOVERNMENTAL FUND REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND**

St. Bernard Parish Assessor

For the year ended December 31, 2007

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with</u> |
|--|-------------------------|-------------------|-------------------|----------------------|
| | <u>Original</u> | <u>Final</u> | <u>Amounts</u> | <u>Final Budget</u> |
| | | | | <u>Favorable</u> |
| | | | | <u>(Unfavorable)</u> |
| Revenues | | | | |
| Ad valorem taxes | \$ 200,000 | \$ 449,500 | \$ 431,279 | \$ (18,221) |
| Intergovernmental - | | | | |
| State of Louisiana - | | | | |
| State revenue sharing | 20,000 | 19,710 | 30,839 | 11,129 |
| Interest income | 9,000 | 29,000 | 32,151 | 3,151 |
| Other revenue | - | - | 1,769 | 1,769 |
| | <u>229,000</u> | <u>498,210</u> | <u>496,038</u> | <u>(2,172)</u> |
| Expenditures | | | | |
| Current: | | | | |
| General government: | | | | |
| Personal services | 337,728 | 390,198 | 391,103 | (905) |
| Operating services | 45,800 | 79,571 | 71,467 | 8,104 |
| Materials and supplies | 22,000 | 21,000 | 20,699 | 301 |
| Travel and other charges | 2,500 | 5,700 | 5,407 | 293 |
| | <u>408,028</u> | <u>496,469</u> | <u>488,676</u> | <u>7,793</u> |
| Capital outlay | - | 3,721 | 6,270 | (2,549) |
| | <u>408,028</u> | <u>500,190</u> | <u>494,946</u> | <u>5,244</u> |
| Excess (Deficiency) of Revenues | | | | |
| Over Expenditures | (179,028) | (1,980) | 1,092 | <u>\$ 3,072</u> |
| Fund Balance | | | | |
| Beginning of year | <u>900,372</u> | <u>900,372</u> | <u>900,372</u> | |
| End of year | <u>\$ 721,344</u> | <u>\$ 898,392</u> | <u>\$ 901,464</u> | |

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**St. Bernard Parish Assessor**

December 31, 2007

Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As provided by Article VII, Section 24 of the Louisiana Constitution of 1974, the Assessors are elected by the voters of each parish, Orleans Parish excepted, and serve terms of four years. The Assessors assess property, prepare tax rolls, and submit the rolls to the Louisiana Tax Commission as prescribed by law.

The Assessor is a separately elected official and is not included as a component unit in any other financial statements. The activities of the Assessor have been reviewed and it was determined that there are no potential component units which should be included in the Assessor's basic financial statements.

The accounting policies of the St. Bernard Parish Assessor (the Assessor) conform to accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of significant accounting policies:

a. Reporting Entity

The Assessor has reviewed all of its activities and determined that there are no potential component units which should be included in its financial statements.

The Assessor is an independently elected official and is not considered fiscally dependent on the St. Bernard Parish Council. As the governing authority of the Parish, for reporting purposes, the St. Bernard Parish Council is the financial reporting entity for the St. Bernard Parish. The financial reporting entity consists of (a) the primary government (the Parish Council), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Reporting Entity (Continued)

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the St. Bernard Parish Council for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the Council to impose its will on that organization and/or,
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Council.
2. Organizations for which the Council does not appoint a voting majority but are fiscally dependent on the Council.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the Council does not appoint the Assessor, does not provide funding (other than the use of facilities), or have any control over the Assessor, the Assessor has determined that the office is not a component unit of the St. Bernard Parish Council. The accompanying financial statements present information only on the funds maintained by the Assessor and do not present information on the Council, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity of St. Bernard Parish.

b. Basis of Presentation

The Assessor's basic financial statements consist of the government-wide statements on all activities of the Assessor and the governmental fund financial statements.

Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Basis of Presentation (Continued)

Government-wide Financial Statements:

The government-wide financial statements include the Statement of Net Assets and the Statement of Activities for all activities of the Assessor. The government-wide presentation focuses primarily on the sustainability of the Assessor as an entity and the change in aggregate financial position resulting from the activities for the fiscal period. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues.

Fund Financial Statements:

The fund financial statements are very similar to the traditional government fund statements as presented by governments prior to the issuance of GASB Statement No. 34. Emphasis is now on major funds. The daily accounts and operations of the Assessor continue to be organized on the basis of a fund and accounts group, each of which is considered a separate accounting entity. The operations of the fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures. Government resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The following is the governmental fund of the Assessor:

General Fund

The General Fund, as provided by Louisiana Revised Statute 47:1906, is the operating fund and is the only fund of the Assessor. It is used to account for all financial resources except those that are required to be accounted for in another fund.

c. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Measurement Focus and Basis of Accounting (Continued)

Government-wide Financial Statements:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Fund Financial Statements:

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other uses) in net current assets. Governmental funds are maintained on the modified accrual basis of accounting.

Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For this purpose, the Assessor considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Miscellaneous revenues are recorded as revenues when received in cash by the Assessor because they are generally not measurable until actually received.

Ad valorem taxes are assessed for the calendar year and become due on December 31 of each year. Ad valorem tax revenue authorized by Act 292 of 1985 is accounted for in this fund. Ad valorem taxes are recognized as revenue in the year for which levied; thus, the property taxes which are being levied to finance the current year budget are recognized as revenue in the current year. State revenue sharing is an arrangement whereby local governments are reimbursed by the State for ad valorem taxes not billed due to the homestead exemption. The Assessor

Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Measurement Focus and Basis of Accounting (Continued)

recognized revenue from state revenue sharing of \$30,839 for the year ended December 31, 2007. Interest income on investments is recorded when the investments have matured and the income is available.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Allocations of cost such as depreciation are not recognized in the governmental funds.

d. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

e. Operating Budgetary Data

As required by the Louisiana Revised Statutes 39:1303, the Assessor adopted a budget for its General Fund. The budgetary practices include public notice of the proposed budget, public inspection of the proposed budget and public hearings on the budget prior to adoption. Any amendment involving the transfer of monies from one function to another or increases in expenditures must be approved by the Assessor. The Assessor amended its budget one time for 2007. All budgeted amounts which are not expended, or obligated through contracts, lapse at year end.

The General Fund budget is adopted on a basis materially consistent with accounting principles generally accepted in the United States of America.

f. Accounts Receivable

The financial statements of the Assessor contain no allowance for bad debts. Uncollectible receivables are recognized as bad debts at the time information becomes available, which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position or operation of the fund.

Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Capital Assets

The accounting treatment over plant and equipment (capital assets) depends on whether the assets are reported in the government-wide or fund financial statements.

Government-wide Financial Statements:

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets purchased or acquired with an original cost of \$500 or more are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

| | |
|---|--------------|
| Office furniture, automobiles, fixtures and equipment | 5 - 10 years |
|---|--------------|

Fund Financial Statements:

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

h. Vacation and Sick Leave

Employees of the Assessor's office earn two to three weeks of vacation leave each year, depending on their years of service. Vacation leave cannot be carried forward to succeeding years. There is no formal policy regarding sick leave.

The cost of leave privileges is recognized as current year expenditure in the General Fund when leave is actually taken. At December 31, 2007, there are no accumulated and vested benefits relating to compensated absences.

**Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (Continued)**

i. Fund Equity

Government-wide Statements:

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation.
- b. Restricted net assets - Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets".

When both restricted and unrestricted resources are available for use, it is the Assessor's policy to use restricted resources first, then unrestricted resources as they are needed. As of December 31, 2007 and for the year then ended, the Assessor did not have or receive restricted net assets.

Fund Financial Statements:

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

Note 2 - DEPOSITS

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States, or any other federally insured investment, certificates of deposit of any bank domiciled or having a branch office in the State of Louisiana, guaranteed investment contracts and investment grade (A-1/P-2) commercial paper of domestic corporations.

Bank Deposits:

State law requires deposits (cash) of all political subdivisions to be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana, and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or with a trust company for the account of the political subdivision.

The year-end bank balance is as follows:

| | <u>Bank Balances</u> | <u>Reported Amount</u> |
|------|--------------------------|----------------------------|
| Cash | <u>\$ 454,277</u> | <u>\$ 444,738</u> |

Custodial credit risk is the risk that in the event of a bank failure, the Assessor's deposits may not be returned to it. The Assessor has a written policy for custodial credit risk. As of December 31, 2007, the Assessor's bank balance of \$454,277 was in excess of the federal deposit limit by \$354,277.

At December 31, 2007, cash was adequately collateralized in accordance with state law by securities held by unaffiliated banks for the account of the Assessor. The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities subject to custodial credit risk. Even though the pledged securities are considered subject to custodial credit risk under the provisions of GASB Statement No. 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

Note 3 - PROPERTY TAXES

Property taxes are typically levied each November 1 on the assessed value listed as of the prior January 1 for all property, merchandise and movable property located in the Parish. Assessed values are established by the St. Bernard Parish Assessor's Office and State Tax Commission at percentages of actual value as specified by Louisiana law. A reevaluation of all property is required to be completed no less than every four years. The last reevaluation of property was completed January 1, 2004. Taxes are due and payable December 31, with interest being charged on payments after January 1. Taxes can be paid through the tax sale date, which is the last Wednesday in June. Properties for which the taxes have not been paid are sold at the amount of the taxes. The tax rate for the year ended December 31, 2007 was \$1.92 per \$1,000 of assessed valuation of property within St. Bernard Parish for the purpose of assessing property, preparing tax rolls and submitting the rolls to the Louisiana Tax Commission. As indicated in Note 1c, taxes levied November 1, 2007 are for budgeted expenditures in 2007 and is recognized as revenue in 2007.

The Assessor's office is located in the St. Bernard Parish Courthouse in Chalmette, Louisiana. In accordance with Louisiana law, the assessor bases real and movable property assessments on conditions existing on January 1 of the tax year. The Assessor completes an assessment listing by May 1 of the tax year and submits the list to the parish governing authority and the Louisiana Tax Commission, as prescribed by law. Once the assessment listing is approved, the Assessor submits the assessment roll to the parish tax collector, who is responsible for the collection and distribution of taxes to the various taxing bodies.

At December 31, 2007, there are 25,950 real property and movable property assessments totaling \$87,471,257 and \$178,911,263, respectively. This represents a decrease of 122 assessments and a decrease in property assessments of \$10,877,865 from the prior year, caused primarily by the removal of demolished buildings damaged during Hurricane Katrina, from the tax rolls.

Note 3 - PROPERTY TAXES (Continued)

The following are the principal taxpayers for the Parish with assessed valuation in excess of \$3.5 million:

| <u>Taxpayer</u> | <u>Type of Business</u> | <u>2007 Assessed Valuation</u> | <u>Percentage of Total Assessed Valuation</u> |
|----------------------------|-----------------------------|--|---|
| Chalmette Refining, L.L.C. | Oil | \$ 64,664,308 | 24.27 |
| Murphy Oil Co. | Oil | 29,256,037 | 10.98 |
| Colonial Pipeline Co. | Oil | 17,049,420 | 6.40 |
| Entergy Louisiana, Inc. | Utility | 7,566,610 | 2.84 |
| American Sugar/Domino | Sugar | 7,423,865 | 2.79 |
| Southern Natural Gas Co. | Utility | 7,358,630 | 2.76 |
| Capital One | Banking | 4,829,078 | 1.81 |
| CII Carbon, L.L.C | Manufacturing | 3,969,803 | 1.49 |
| Regions Bank | Banking | 3,504,880 | 1.32 |
| Totals | | <u>\$ 145,622,631</u> | <u>54.66</u> |

Note 4 - DUE FROM ST. BERNARD PARISH SHERIFF

Amounts due from St. Bernard Parish Sheriff at December 31, 2007 consisted of ad valorem taxes collected by the St. Bernard Parish Sheriff in December 2007 but not remitted to the Assessor until the beginning of the following year.

Note 5 - DUE FROM STATE OF LOUISIANA - STATE REVENUE SHARING

State revenue sharing is an arrangement whereby local governments are reimbursed by the State for ad valorem taxes not billed due to the homestead exemption. The Assessor recognized revenue from state revenue sharing of \$30,839 for the year ended December 31, 2007. The receivable for state revenue sharing at December 31, 2007 was \$28,753.

Note 6 - CHANGES IN CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2007 was as follows:

| | Balance January 1, 2007 | Additions | Dispositions | Balance December 31, 2007 |
|--|-------------------------------|--------------------|-----------------|---------------------------------|
| Capital assets being depreciated: | | | | |
| Office furniture, automobiles, fixtures and equipment | \$ 140,714 | \$ 6,270 | \$ (7,100) | \$ 139,884 |
| Less accumulated depreciation for: | | | | |
| Office furniture, automobiles, fixtures and equipment | (87,199) | (17,497) | 6,433 | (98,263) |
| Total capital assets, net | <u>\$ 53,515</u> | <u>\$ (11,227)</u> | <u>\$ (667)</u> | <u>\$ 41,621</u> |

Note 7 - DEFINED BENEFIT PENSION PLAN

Plan Description - The St. Bernard Parish Assessor (the Assessor) contributes to the Louisiana Assessors' Retirement Fund (System), a cost-sharing multiple-employer defined benefit public employee retirement system (PERS), which is controlled and administered by a separate Board of Trustees. The System provides retirement, deferred and disability benefits, survivor's benefits and cost of living adjustments to plan members and beneficiaries. Act 91 of the 1950 Louisiana Legislative Session established the plan. Provisions of the plan are set forth in the Louisiana Revised Statutes 11:1401 through 11:1483. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to Louisiana Assessors' Retirement Fund, P.O. Box 14699, Baton Rouge, Louisiana, 70898-4699.

Note 7 - DEFINED BENEFIT PENSION PLAN (Continued)

Funding Policy - Plan members are required to contribute 8.00% of their annual salary and the Assessor is required to contribute at an actuarially determined rate. The rate used at December 31, 2007 was 13.5% of eligible payroll. In addition, the fund receives .25% of the taxes shown to be collected on the tax rolls of each parish, excluding Orleans, and revenue sharing funds as appropriated each year by the legislature. The Assessor's contributions to the System for the years ending December 31, 2007, 2006, and 2005 were \$58,716, \$33,217, and \$52,294, respectively, equal to the required contributions for each year.

Note 8 - LEASE COMMITMENTS

The Assessor has an operating lease agreement for a copier. The lease agreement is for thirty-six months and expires November 15, 2008. The monthly lease payment is \$195 and the future minimum lease requirements are as follows:

| <u>Year</u> | <u>Amount</u> |
|-------------|-----------------|
| 2008 | <u>\$ 2,145</u> |

Note 9 - RISK MANAGEMENT

The Assessor is exposed to various risks of loss related to workers compensation; torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Assessor carries commercial insurance. No settlements were made during the year that exceeded the Assessor's insurance coverage.

Note 10 - EXPENDITURES NOT INCLUDED IN THE ACCOMPANYING FINANCIAL STATEMENTS

The accompanying financial statements do not include certain expenditures of the Assessor's office paid out of the funds of the St. Bernard Parish Government.

SPECIAL REPORT OF CERTIFIED PUBLIC ACCOUNTANTS



Bourgeois Bennett

**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the St. Bernard Parish Assessor,
Chalmette, Louisiana.

We have audited the financial statements of the governmental activities and the General Fund of the St. Bernard Parish Assessor (the Assessor), as of and for the year ended December 31, 2007, and have issued our report thereon, dated June 26, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of the Assessor as of and for the year ended December 31, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered the Assessor's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Assessor's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Assessor's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Assessor's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Assessor's financial statements that is more than inconsequential will not be prevented or detected by the Assessor's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Assessor's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. However, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency and which is described in the accompanying schedule of findings and responses as 07-01.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Assessor's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended for the information of the St. Bernard Parish Assessor, the State of Louisiana, and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
June 26, 2008.

SCHEDULE OF FINDINGS AND RESPONSES

St. Bernard Parish Assessor

For the year ended December 31, 2007

Section I - Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified that are not
considered to be material weakness ☒ yes ☐ none reported

Noncompliance material to financial statements noted? ☐ yes ☒ no

b) Federal Awards

The St. Bernard Parish Assessor did not expend federal awards during the year ended December 31, 2007.

Section II - Financial Statement Findings

Internal Control Over Financial Reporting

07-01 Preparation of Financial Statements and Disclosures

Criteria - Adequate internal controls in relation to financial reporting require the Assessor to have the ability to prepare its own financial statements in accordance with generally accepted accounting principles (GAAP), including all required footnote disclosures, or detect misstatements or errors in statements prepared by others.

Condition - Financial statements and required disclosures were prepared by the auditors.

Cause - The management of the Assessor's office lacks the qualifications and expertise to prepare GAAP basis financial statements and related disclosures.

Effect - The independent auditor cannot be part of the Assessor's internal control over financial reporting.

Recommendation - Management and those charged with governance can mitigate the lack of qualifications and expertise in preparing financial statements by carefully reviewing the financial statements, including disclosures.

Views of responsible officials of the auditee when there is disagreement with the finding, to the extent practical - None.

Section III - Federal Award Findings and Questioned Cost

Not applicable.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

St. Bernard Parish Assessor

For the year ended December 31, 2007

Section I - Internal Control and Compliance Material to the Financial Statements

Internal Control

No material weaknesses were noted during the audit of the financial statements for the year of the financial statements ended December 31, 2006.

No significant deficiencies were noted during the audit for the year ended December 31, 2006.

Compliance

No compliance findings material to the financial statements were noted during the audit of the financial statements for the year ended December 31, 2006.

Section II - Internal Control and Compliance Material To Federal Awards

The St. Bernard Parish Assessor did not expend federal awards during the year ended December 31, 2006.

Section III - Management Letter

A management letter was not issued in connection with the audit of the financial statements for the year ended December 31, 2006.

MANAGEMENT'S CORRECTIVE ACTION PLAN

St. Bernard Parish Assessor

For the year ended December 31, 2007

Section I - Internal Control and Compliance Material to the Financial Statements

Internal Control Over Financial Reporting

07-01 Preparation of Financial Statements and Disclosures

07-01 Recommendation - Management and those charged with governance can mitigate the lack of qualifications and expertise in preparing financial statements by carefully reviewing the financial statements, including disclosures.

Management's Corrective Action - Management and those charged with governance will monitor the financial matters of the Assessor closely and carefully review financial statements and disclosures. Management will review the disclosure checklist to ensure all of the appropriate disclosures are present.

Section II - Internal Control and Compliance Material To Federal Awards

The St. Bernard Parish Assessor did not expend federal awards during the year ended December 31, 2007.

Section III - Management Letter

A management letter was not issued in connection with the audit of the financial statements for the year ended December 31, 2007.